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SUBJ: PRAVDA ON US-JAPANESE ECONOMIC TIES

1. SUMMARY: LENGTHY ARTICLE IN JUNE 7 PRAVDA ANALYZES THORNY AREAS OF CURRENT US-JAPANESE ECONOMIC/TRADE LINKS, GNEERALLY ATTRIBUTING EXISTING DIFFICULTIES TO US BUSINESS CIRCLES, AND CONCLUDES THAT US-JAPANESE RELATIONS CANNOT HELP BUT INFLUENCE COURSE OF WORLD EVENTS. DEPENDING ON THEIR CHARACTER, THOSE RELATIONS CAN HELP OR HINDER DETENTE AND STRENGTHENING OF MUTUALLY-ADVANTAGEOUS COMMERCIAL CON-TACTS BETWEEN STATES. END SUMMARY

2. IN ARTICLE ENTITLED "A COMPLEX LINK" (SLOZHNIY UZEL, PRAVDA'S TOKYO CORRESPONDENT I. LATYSHEV ANALYZES STATE OF US-JAPANESE ECONOMIC AND TRADE RELATIONS. NOTING HIGH LEVEL OF TWO-WAY TRADE BETWEEN TWO COUNTRIES, LATYSHEV ZEROES IN ON CURRENT PROBLEM AREAS:

A) BALANCE OF TRADE. BECASUE OF CHEAP LABOR AND
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HIGH QUALITY OF PRODUCTS JAPANESE EXPORTS TO US LEAPED

FORWARD IN EARLY 1970S, RESULTING IN BILATERAL TRADE IMBALANCE OF 4.2 BILLION DOLLARS IN 1972 USING PRESSURE AND THREATS, US RULING CIRCLES FORCED JAPAN TO REVALUE YEN AND "LIBERALIZE" ITS DOMESTIC MARKET TO ALLOW FOR SHARP INCREASES IN PURCHASES OF US GOODS, ESPECIALLY MEAT, WHEAT AND CITRUS FRUITS.. FROM US POINT OF VIEW THIS HAD SECONDARY ADVANTAGE OF MAKING JAPAN MORE DEPENDENT THAN EVER ON US FOOD DELIVERIES.

B) RISE IN OIL PRICES. THIS PHENOMENON CAUSED PRICE RISES IN JAPANESE GOODS AND MADE THEM RELATIVELY LESS COMPETITIVE IN US MARKET, WHICH IN TURN LED TO WORSENING OF JAPANESE BALANCE OF PAYMENTS AND MARKED DECLINE IN ITS FOREIGN RESERVE HOLDINGS.

C) "DEPRESSION" IN BOTH US AND JAPAN. SIMULTANEOUS "DEPRESSION" IN BOTH COUNTRIES HAS HAD SERIOUS INFLUENCE ON THEIR INDIVIDUAL DOMESTIC ECONOMIES AND BILATERAL TRADE. NOWHERE IS THIS BETTER EXEMPLIFIED, ACCORDING TO LATYSHEV, THAN IN THEIR RESPECTIVE AUTOMOBILE INDUSTRIES, DEMAND FOR DOMESTICALLY-PRODUCED NEW CARS HAS FALLEN DRAMATICALLY IN BOTH JAPAN AND US. THAT IS WHY US AUTO INDUSTRY CZARS HAVE SOUGHT RELIEF BY ASKING CONGRESS TO PASS BILL LIMITING IMPORTATION OF FOREIGN VEHICLES INTO US.

D) US REACTION TO JAPANESE INVESTMENTS. LARGE JAPANESE HOLDINGS IN HAWAII (PARTICULARLY IN TOURISM: HOTELS, SOUVENIR SHOPS, GOLF COURSES, BEACHES) AND CALIFORNIA HAVE LED TO RISE IN ANTI-JAPANESE SENTIMENT AMONG AMERICANS LIVING IN THOSE AREAS.

E) JAPANESE FISHING INDUSTRY
JAPANESE FISHING FLEET,
EQUIPPED WITH MORE MODERN AND EFFICIENT EQUIPMENT THAN AMERICAN COUNTERPART, IS GRADUALLY EXTERMINATING SALMON SCHOOLS IN BERING SEA OFF ALASKA. THIS HAS BROUGHT PROTESTS FROM AMERICAN FISHING INDUSTRY CIRCLES.

F) ENERGY CRISIS. WITHIN RECENT MONTHS DEEP CONTRADICTIONS HAVE ARISEN IN APPROACHES OF US AND JAPAN TO THIN LIMITED OFFICIAL USE

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PROBLEM. WHILE US ECONOMY CAN GET ALONG BY RELYING ON ITS OWN ENERGY BASE, JAPAN RELIES ON IMPORTED OIL FOR PRODUCTION OF OVER 70 PER CENT OF ITS ENERGY REQUIREMENTS. THAT IN TURN EXPLAINS JAPANESE STANCE REGARDING SETTLEMENT IN MIDDLE EAST, FROM WHICH JAPF RECEIVES MORE THAN 80 PERCENT OF ITS IMPORTED LIL. US OIL MONOPOLIES VIEW WITH OPEN SUSPICION JAPANESE ATTEMPTS TO EXPAND TRADE, FINANCIAL, AND SCIENTIFIC/TECHNOLOGICAL TIES WITH COUNTRIES OF MIDDLE EAST.

3. LATYSHEV ASSERTS THAT INCREASING U-JAPANESE FRICTIONS IN ECONOMIC/TRADE FIELD ARE GRADUALLY FINDING REFLECTION IN OTHER AREAS OF RELATIONS BETWEEN THE TWO COUNTRIES. MOE AND MORE FREQUENTLY THE PRESS, PUBLIC, AND POLITICAL FIGURES OF BOTH COUNTRIES ARE EVINCING NOTES OF MUTUAL DISTRUST, WATCHFULNESS, AND HOSTILITY. WINDING UP ARTICLE, LATYSHEV STATES THAT COURSE OF US-JAPANESE RELATIONS MUST HAVE INFLUENCE ON WORLD EVENTS IN GENERAL AND CAN EITHER HINDER OR ENHANCE PROCESS OF DETENTE AND STRENGTHENING OF MUTUALLY-ADVANTAGEOUS BUSINESS LINKS BETWEEN STATES.

4. COMMENT: RATHER THAN CROWING OVER PROBLEMS OF TWO CAPITALIST GIANTS IN THEIR BILATERAL RELATIONS--AS WOULD NORMALLY BE EXPECTED IN SOVIET PRESS-TONE OF LATYSHEV ARTICLE IS ONE OF HOPE THAT THOSE RELATIONS STABILIZE AND IMPROVE, THUS SERVING AS POSITIVE FACTOR IN INTERNATIONAL AFFAIRS. MORE SPECIFICALLY, LATYSHEV AND SOVIETS PRESUMABLY HAVE QUESTION OF SIVERIAN DEVELOPMENT IN MIND, WITH GROWING AWARENESS THAT JAPANESE-US COOPERATION WILL BE REQUIRED IF SOME OF PROJECTS ARE TO MOVE FORWARD AT ALL. STOESSEL

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